B.C. can't stop the oil

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Body

Let's pretend that discussions about pipelines in British Columbia could, at least for a moment, be rational.

There seem to be three general streams of opposition to Kinder Morgan's proposed expansion of the Trans Mountain pipeline: First, that it could harm the coastal environment in the event of a spill; second, that any such infrastructure only serves to increase production in Canada's oil sands and, therefore, overall carbon emissions; and third, that while B.C. is taking all of the so-called risk associated with the pipeline, Alberta gets all the benefits.

Despite the almost cartoonish hysteria of the proponents of each of these flawed arguments, none of them ultimately hold up to even a moderate dose of reality.

On the potential harm to B.C.'s stunningly beautiful Pacific Coast, the argument comes down to a matter of degrees: Oil tankers have been departing the Westridge marine terminal in Vancouver weekly since 1956. Additionally, bulk tankers come from Alaska, down the west coast of Vancouver Island, through the Juan de Fuca strait, past Victoria and into oil refineries in Cherry Point and Anacortes in Washington state.

So, the presence of oil tankers in and around B.C. waters will hardly be a new feature, should the expansion go forward; it's simply that the number of tankers might - might - increase.

On concerns about climate change and the impact of Canada's oil sands on global climate emissions, two thoughts spring to mind: First, no government in Canada (or anywhere else) can regulate global oil demand out of existence; and second B.C.'s concern about oil sands emissions might seem more credible if Vancouver wasn't poised to become the largest exporting port for coal in the world. B.C. produces about 26 million tonnes of coal every year. The extraction, production and transportation of that product generates significant amounts of greenhouse gases (somewhat ironically, mostly due to the oil, imported from Alberta, that's used to run the machinery and locomotives used by the industry) all before the actual coal itself is consumed. As of 2008, the total emissions associated with B.C. coal - including when it is burned somewhere else in the world - were equivalent to 61.4 million tonnes.

Is coal dirtier than oil? Is one supposed sin greater than another? Who's going to win Celebrity Big Brother? All equally meaningless questions. The point is that no province is without environmental sin and pretending otherwise is either ignorant or hypocritical.

Finally, on the question of risk versus reward, former B.C. premier Christy Clark had a very solid, defensible position via the "five conditions" she set for any pipeline project to receive the support of her provincial government. Since taking power last spring, B.C. Premier John Horgan has abandoned any such rational approach and now finds himself making ultra vires threats against his neighbour, fellow-NDP premier Rachel Notley.

But the investigator's question of cui bono - who benefits? - is where, perhaps, the greatest irony of the whole debacle may play out.

Opponents (and, indeed, regulators) of Canadian resource projects often express shocking ignorance of the global nature of those industries. Oil, for example, is one of the most fungible, politically driven, ubiquitous commodities on earth. The price of a barrel of oil at tidewater (i.e., at a port that can access global markets) is more or less the same anywhere in the world.

While oil is a nationally significant industry here, Canada produces only about three per cent of global oil supply. As a result, the notion that whether or not Canada allows a pipeline's capacity to be increased will have some meaningful effect on the global oil industry - or its carbon emissions - is pure idiocy.

Canadian producers want pipelines simply so they can capture the discount they currently lose on Canadian oil because their access is right now limited to only one export customer, the U.S.

So, what's the most likely outcome if B.C. does somehow manage to stop Kinder Morgan's nefarious plans? My guess is that the pipeline will still be expanded but, instead of ending at the Vancouver terminus, it would follow the existing secondary route from Sumas, B.C. into Washington state, taking Alberta oil to the aforementioned three existing refineries in Cherry Point and Anacortes, Wash.

Those refineries are currently supplied by oil shipped down from the Alaska North Slope fields by boats that regularly transit B.C. waters. Production from that field is expected to decline by more than 150,000 barrels per day between now and 2026. Replacing that supply with what will again be discounted Canadian crude would almost certainly be an attractive proposition for those refiners.

Where would that leave Canadian interests? Well, Canadian oil would still be held ransom to a single, monopsony buyer at a discounted price; every planned drop of oil will still be produced; whatever risk there is to the Pacific Coast would simply be moved 60 miles south and put under American control; whatever economic benefits British Columbians might have enjoyed would be lost; and Albertans could be denied access to B.C.'s fine wines indefinitely.

But, like I said, to talk about how foolish that would be we would have to pretend discussions about pipelines in B.C. could be rational - even for a minute.

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